

CITY OF FLAGSTAFF

**SPECIMEN ADOPTION AGREEMENT FOR
457(b) DEFERRED COMENSATION PLAN
FOR GOVERNMENTAL EMPLOYERS**

The undersigned Employer adopts the 457(b) Deferred Compensation Plan for Governmental Employers for those Employees who will qualify as Participants hereunder, to be known as the

City of Flagstaff 457 (b) Deferred Compensation Plan

It will be effective as of the date specified below. The Employer hereby selects the following Plan specifications:

EMPLOYER INFORMATION (Plan Section 1.9)

Name of Employer: CITY OF FLAGSTAFF

Address: 211 W ASPEN AVENUE

FLAGSTAFF, AZ 86001
City State Zip

Telephone Number: (928) 213-2094

Employer Identification Number: 86-600024

Location of Employer's Principal Office:

☒state ☐commonwealth ☐district of ARIZONA ☐other: _____ and
the Plan will be governed in accordance with retirement plan laws of the ARIZONA.

Employer Fiscal Year:

The 12-consecutive month period commencing on JULY 1 and ending on JUNE 30.

This specimen document includes a number of provisions which are optional, or as part of which there are different options that may be selected. Such provisions are generally indicated in the Adoption Agreement. This does not mean that other provisions may not also be optional, or that other options may not be available. The selection of appropriate options is solely the responsibility of the plan sponsor and should be done only after consulting with the client's own knowledgeable counsel.

(10/11)

PLAN INFORMATION

Effective Date:

This Adoption Agreement of the 457(b) Deferred Compensation Plan for Governmental Employers will:

- ☐ establish a new Plan effective as of _____.
- ☒ constitute an amendment and restatement in its entirety of a previously established 457(b) Plan of the Employer which was effective APRIL 21, 1983. Except as specifically provided in the Plan, the effective date of this amendment and restatement is _____.

Plan Year (Plan Section 1.21):

The 12-consecutive month period commencing on JANUARY 1 and ending on DECEMBER 31.

Name of Administrator (Plan Section 1.1):

- ☒ Employer

Name(s) CITY OF FLAGSTAFF

Address 211 W ASPEN AVE

FLAGSTAFF, AZ 86001
City State Zip

Telephone (928) 213-2094

Administrator's I.D. Number 86- 600024

ELIGIBILITY (Plan Section 2.1)

Eligible Individuals for Purposes of Participant Deferral Contributions:

- ☐ All Employees
- ☒ All Employees other than the following group or groups of Employees elected below:
- ☒ Nonresident aliens with no U.S. source of income
 - ☒ Employees who normally work less than 20 hours per week
 - ☒ Students performing services for the Employer whose Compensation is not considered wages under the Federal Insurance Contributions Act ("FICA")
 - ☒ Collectively bargained employees

NOTE: The group(s) specified must correspond to a group of the same designation that is defined in statutes, ordinances, rules, regulations, personnel manuals or other authority for the state or local jurisdiction of the Employer.

Independent Contractors

For purposes of this section, the term Eligible Individual:

- ☒ Will **not** include Independent Contractors
- ☐ Will include all Independent Contractors
- ☐ Will include all Independent Contractors other than as specified below:

CONTRIBUTIONS AND ALLOCATIONS

Roth 457(b) Contributions (Plan Section 1.24)

Roth 457(b) Contributions ☒ will ☐ will not be permitted under the Plan.

Deferral of Accumulated Sick Pay, Accumulated Vacation Pay and Back Pay (Plan Section 3.1(b)):

Participant may elect to defer (check all that are applicable) to the Plan:

- ☒ accumulated sick pay
- ☒ accumulated vacation pay
- ☒ back pay

Note: any amounts deferred under Section 3.1(b) of the Plan must be consistent with applicable state and local law, including, but not limited to, the terms of any collective bargaining agreements.

Age 50 Plus Catch-Up Contributions (Plan Section 3.3):

Age 50 Plus Catch-Up Contributions ☒ will ☐ will not be permitted under the Plan.

Transfers into the Plan (Plan Section 3.7):

Transfers into the Plan from an eligible 457 plan sponsored by another governmental employer
☒ will ☐ will not be permitted.

Rollovers:

Rollover Contributions ☒ will ☐ will not be permitted under the Plan (Plan Section 3.8).

The Plan will accept the following types of non-Roth Rollover Contributions:

- ☒ 457(b) Rollovers
- ☒ Non-457(b) Rollovers

If Roth 457(b) Contribution are permitted the Plan, then the following rollover contributions will be permitted:

- ☒ Non-457(b) Rollovers
- ☒ Roth 457(b) Rollovers
- ☒ Roth Non-457(b) Rollovers
- ☒ Rollover of In-Plan Roth Non-457(b) Rollovers

Normal Retirement Age (Plan Section 1.16):

For purposes of the Special 457 Catch-Up Deferral Election under Section 3.2, Normal Retirement Age will be:

Option 1: Employer determines Normal Retirement Age

The NRA is a range of age(s) beginning at:

☒ the earliest retirement age at which an individual could receive unreduced benefits under the Employer's defined benefit pension plan

☐ Age 65

☐ Other: _____

NOTE: Age specified can be the earlier of age 65 or, if applicable, date above at which a Participant could receive unreduced benefits from Employer's defined benefit pension Plan.

and ending at:

☒ Age 70½

☐ Other: _____

NOTE 1: Normal Retirement Age cannot be later than age 70 ½.

NOTE 2: Beginning and ending ages may be the same age, if elected by the Employer.

Normal Retirement Age for Police or Firefighters

For purposes of the Special 457 Catch-Up Deferral Election under Section 3.2, Normal Retirement Age will be:

☒ the earliest retirement age at which an individual could receive unreduced benefits under the Employer's pension plan

☐ Age 40

☐ Age 55

☐ Age 65

☐ Age 70 1/2

☐ Other: _____

NOTE: Age specified for this option generally may not be less than age 40 or more than age 70 ½.

☐ the Normal Retirement Age elected by the Participant that is between:

- age 40; and
- age 70 ½.

DISTRIBUTIONS

Distribution Options (Plan Section 4.3(c)):

- ☒ Joint and survivor annuity
- ☒ Lump sum
- ☒ Immediate or deferred annuity (including life annuities and installment payment annuities)
- ☒ Systematic distribution option permitted under the Investment Product.
- ☐ Other: _____

NOTE: Distribution options selected are available to the extent permitted by applicable law and the terms of the Investment Product.

In the event that a Participant does not elect a form of payment at the time that distributions are required to begin in accordance with Section 4.5, any benefits payable to the Participant will be made as follows:

- ☐ In the form of an annuity payable over the life expectancy of the Participant that meets the requirements of Code Section 401(a)(9)
- ☒ Lump sum
- ☐ Other: _____

Death Benefits Payable to Beneficiary (Plan Section 4.3(d)):

Amounts payable to the Beneficiary may be elected by the Beneficiary in the following forms of benefit payment:

- ☒ Same distribution options as available to the Participant
- ☐ Other:

NOTE: Distribution options selected are available to the extent permitted by applicable law and the terms of the Investment Product.

In the event a Beneficiary fails to make an election as to a benefit distribution option, any benefit payable to such Beneficiary will be distributed in accordance with Code Section 401(a)(9).

Rollovers

Distribution of a Participant 457 Rollover Account and a Participant Non-457 Rollover Account (Plan Section 4.1(b)):

Amounts payable under a Participant 457 Rollover Account and a Participant Non-457 Rollover Account will be paid to a Participant:

☐ Upon attainment of an event as described in Section 4.1

☒ Upon the request of a Participant

☐ Other:

Unforeseeable Emergency Withdrawals (Plan Section 4.6):

Unforeseeable Emergency Withdrawals ☒ will ☐ will not be permitted under the Plan.

If Unforeseeable Emergency withdrawals are allowed by the Plan, the amount eligible for such withdrawals will consist of:

☐ The Participant Account (Emergency withdrawals are not permitted from the Roth 457)

☒ The Participant Deferral Account

☒ The Participant 457 Rollover Account (if amounts are not payable before a Participant attains an event as described in Section 4.1)

☒ The Participant Non-457 Rollover Account (if amounts are not payable before a Participant attains an event as described in Section 4.1)

A Participant ☒ may ☐ may not take an Unforeseeable Emergency Withdrawal resulting from the illness or accident of a primary Beneficiary designated by the Participant.

Small Balance Distribution (Plan Section 4.7):

Small balance distributions attributable to a Participant Deferral Account ☐ will ☒ will not be permitted under the Plan.

Transfer of Amounts for Purchase of Service Credits in Governmental Retirement System (Plan Section 4.9)

Participant ☒ will ☐ will not be permitted to transfer amounts under the Plan to a governmental retirement system in order to purchase service credits.

Loans to Participants (Plan Section 4.11):

Loans ☐ will ☒ will not be permitted under the Plan.

Distributions for Health Insurance and Long Term Care (Plan Section 4.12):

Distributions to pay for health insurance and long term care ☐ will ☒ will not be permitted under the Plan.

CERTIFICATION AND SIGNATURE

The undersigned Employer hereby represents that it is a unit of a State or local government or an agency or instrumentality of one or more units of a State or local government as described in Code Section 414(d).

This Adoption Agreement and the Plan document together constitute the Plan. The Plan is a specimen plan, not a master or prototype plan, and has not been approved by the IRS. The adoption of this Plan and related tax consequences are the responsibility of the Employer and its independent tax and legal advisors.

IN WITNESS WHEREOF, the Employer hereby causes this Plan to be executed on this
_____ day of _____, _____.

EMPLOYER:

CITY OF FLAGSTAFF

By: _____